

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS O'BANNON
(USPS/OCA-T200-2-5)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness O'Bannon: USPS/OCA-T200-2-5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Eric P. Koetting

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992; Fax -5402
January 12, 1998


Eric P. Koetting

POSTAL SERVICE INTERROGATORIES TO OCA WITNESS O'BANNON

USPS/OCA-T200-2. Please refer to your testimony at line 14 on page 6 where you refer to "some composite good." Does this composite good include Priority Mail? Please explain your answer fully.

USPS/OCA-T200-3. Please refer to your testimony at lines 12 through 44 on page 7 where you state that "the next basic assumption applied is that each Postal Service good's cell within a category represents a good that is unrelated to every other cell in that category." [footnote omitted]

- a. Is it your understanding that some mailers participate in "dropshipping" or "zone skipping" by which they arrange for transportation to enter their mail deeper into the postal system? If not, please explain.
- b. Please explain your understanding as to whether the rates charged for the same weight item shipped to different zones would have any bearing on the decision of the mailer to participate in dropshipping or zone-skipping activities as described in part a. Please also explain how such behavior is consistent with the assumption stated in your testimony at lines 12 through 14 of page 7.
- c. Is it your understanding that some mailers may split shipments to a particular address, sending part of the shipment in one box and part in another box? If not, please explain.
- d. Please explain your understanding as to whether the rates charged within the same zone for different weight items would have any bearing on the decision of the mailer to participate in shipment splitting activities as described in part c. Please also explain how such behavior is consistent with the assumption stated in your testimony at lines 12 through 14 of page 7.
- e. Is it your understanding that some mailers may consolidate shipments to a particular address, sending two items to the same address in one box? If not, please explain.
- f. Please explain your understanding as to whether the rates charged within the same zone for different weight items would have any bearing on the decision of the mailer to participate in consolidating activities described in part e. Please also explain how such behavior is consistent with the assumption stated in your testimony at lines 12 through 14 of page 7.

USPS/OCA-T200-4. Please refer to your testimony at lines 10 and 11 on page 9 where you state, "Since neither bundle can be strictly revealed preferred," Please clarify the meaning of this statement.

USPS/OCA-T200-5. Please refer to your testimony at lines 6 through 12 of page 11.

- a. Is it your understanding that the volume changes by cell that appear after rates change is the result of decisions made by many mailers whose distributions of pieces by weight and zone vary? If your answer is not affirmative, please explain fully.
- b. Is it possible that the mailers in question make their mailing decisions based on the aggregate price of their total mailing, and not based on the individual price of any particular piece? If your answer is not affirmative, please explain fully.
- c. Is it possible that the cells for which you have observed "positive implicit own-price elasticities" represent only small portions of the total number of pieces sent by any particular mailer? If your answer is not affirmative, please explain fully.